

November 25, 2024

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# **【Materials for Investor Briefing 】 FY2024 1st Half Results and Annual Forecasts**

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 SUMITOMO DENSETSU CO.,LTD.



Recognizing its social mission and responsibility, the Sumitomo Densetsu Group:

- Aims to develop a favorable environment to support a prosperous and secure society.
- Values its technical prowess and the customer's confidence in it and provides high quality engineering service that gives a high level of customer satisfaction.
- Practices fair and transparent management based on compliance in keeping with a high standard of corporate ethics.
- Seeks to create a vibrant and pleasant business environment while fostering employees rich in creativity.

## SEM VALUE



### Sincerity

Meet the needs of society in a cordial attitude.

Meet the needs of customer and society, place yourself in the other person's position, and perform tasks properly and actively with sincerity and passion.



### Teamwork

Recognize diversity and show a team effort.

Show our integrated strengths and recognize diversity and values, thereby strengthening unity and enabling further growth.



### Creation

Create a sustainable future with advanced technologies.

Develop our established technologies and continue to challenge creation of a sustainable society.



- 1 . 1st Half Results FY2024
- 2 . FY2024 Forecast
- 3 . FY2024 Forecast by Works Type
- 4 . Medium term Management Plan  
VISION 24(FY2020 – FY2024)
- 5 . Policy on the Distribution of Profits  
to Shareholders



# 1-1. Summary of FY2024 1st Half Results 住友電設

## ■ Explanation of Business Results

**Net sales reached a record high for the 1st half. Backlog of Orders reached a record high for the full-year.**

**[Orders received]** **decrease year on year (YoY)** : Reactionary decline following data center projects for large-scale projects domestic and overseas in General Electrical works etc.

**[Net Sales]** **increase year on year (YoY)** : Progress on large-scale Backlog of Orders including overseas and facility & HVAC works, etc.

**[Operating profit・Ordinary profit]** **increase year on year (YoY)**

An increase in Net sales and improved profitability offset an increase in expenses associated with investments in human resources, such as work style reforms and workplace environment improvements.

## ■ FY2024 1st Half Results

(¥bn)	FY2023 1H	FY2024 1H			Growth	
	Actual①	Plan ②	Actual ③	Difference③-②	Growth③ - ①	Percentage
Orders Received	105.5	-	96.5	-	△ 9.0	△8.5%
Net Sales	79.9	89.0	90.6	1.6	10.7	13.4%
Operating profit Margin	3.11	4.50	6.16	1.66	3.05	98.1%
	3.9%	5.1%	6.8%	1.7%	2.9%	-
Ordinary profit Margin	3.63	4.80	6.57	1.77	2.94	81.1%
	4.5%	5.4%	7.3%	1.9%	2.7%	-
Profit attributable to owners of parent Margin	2.46	3.00	4.42	1.42	1.96	79.6%
	3.1%	3.4%	4.9%	1.5%	1.8%	-
Backlog of Orders	148.0	-	168.7	-	20.7	14.0%

## ■ Interim Dividends for FY2024

**¥60 per share** (up ¥3 per share from the forecast at the start of the fiscal year)



# 1-2. Net Sales for FY2024 1st Half Results by Works Type 住友電設

- Power Transmission** Increase YoY due to progress on Backlog of Orders mainly in projects for electricity companies and plants.
- General Electrical** J a p a n :Increased YoY due to progress of large-scale projects such as projects for plants.  
Overseas: Increased YoY due to progress of large-scale projects such as data centers which we received orders in the previous fiscal year.
- Info & Comms** Communication System: Decreased YoY due to a decrease in mobile base station projects.  
Information & Telecommunication: Increased YoY due to progress in Backlog of Orders including projects for educational facilities, Expo 2025 Osaka, Kansai, etc.
- Facility & HVAC** Increased YoY due to progress on the Backlog of Orders such as large-scale projects.

Net Sales for by Works Type(¥bn)	FY2022 1H	FY2023 1H	FY2024 1H	FY23→24 Growth	FY2024 Composition
<b>Power Transmission</b>	<b>8.2</b>	<b>10.5</b>	<b>11.4</b>	<b>8.6%</b>	<b>12.6%</b>
<b>General Electrical</b>	<b>50.9</b>	<b>48.7</b>	<b>54.8</b>	<b>12.5%</b>	<b>60.5%</b>
Non-consolidated + Japanese Subsidiaries	35.5	36.0	38.1	5.9%	42.1%
Overseas Subsidiaries	15.4	12.7	16.7	31.1%	18.4%
<b>Info &amp; Comms</b>	<b>12.7</b>	<b>11.6</b>	<b>13.1</b>	<b>13.1%</b>	<b>14.5%</b>
<b>Facility &amp; HVAC</b>	<b>5.3</b>	<b>5.0</b>	<b>8.0</b>	<b>60.0%</b>	<b>8.8%</b>
<b>Others ※</b>	<b>4.4</b>	<b>4.1</b>	<b>3.3</b>	<b>△19.6%</b>	<b>3.7%</b>
<b>TOTAL</b>	<b>81.5</b>	<b>79.9</b>	<b>90.6</b>	<b>13.4%</b>	<b>100.0%</b>

※Others Insurance agency business, HVAC equipment, solar power systems sales.



## 2-1. FY2024 Forecast

### ■ Business Environment Overall steady growth

**Expected demand** : Growth areas such as data centers, redevelopment projects in the metropolitan areas, carbon-neutral investments including renewable energy, information & communication related investments for the creation of ICT environment, investments related to inbound demands, etc.

**Potential risks** : Increased costs due to continued yen depreciation, high prices of materials, equipment and cables, lost order opportunities due to lack of engineers, and rush construction due to delays in the progress of our construction work associated with delays in general contractor's processes.

### ■ Consolidated Forecast for FY2024 :

We forecast that FY2024 performance will surpass the numerical targets set forth in VISION 24

(¥bn)	VISION24						
	2020	2021	2022	2023	FY2024 Forecast	Growth(%)	V24 Target
Orders Received	162.1	179.0	188.8	225.9	<b>220.0</b>	△2.6%	220.0
Net Sales	154.1	167.6	175.1	185.5	<b>200.0</b>	7.8%	200.0
Operating profit	11.32	13.01	13.46	12.55	<b>15.50</b>	23.5%	14.50
Margin	7.3%	7.8%	7.7%	6.8%	<b>7.8%</b>	-	7.3%
Ordinary profit	11.94	13.90	14.39	13.50	<b>16.00</b>	18.5%	15.00
Margin	7.7%	8.3%	8.2%	7.3%	<b>8.0%</b>	-	7.5%
Profit attributable to owners of parent	8.05	9.14	9.38	10.06	<b>10.60</b>	5.4%	10.00
Margin	5.2%	5.5%	5.4%	5.4%	<b>5.3%</b>	-	5.0%

### ■ Revision (Profit Increase) of Consolidated Forecast for FY2024

Operating profit : Before revision ¥14.5bn⇒After revision ¥15.5bn(+ ¥1.0bn)

Ordinary profit : Before revision ¥15.0bn⇒After revision ¥16.0bn(+ ¥1.0bn)

Profit attributable to owners of parent : Before revision ¥10.0bn⇒After revision ¥10.6bn(+ ¥0.6bn)



## 2-2. Net Sales for FY2024 by Works Type 住友電設

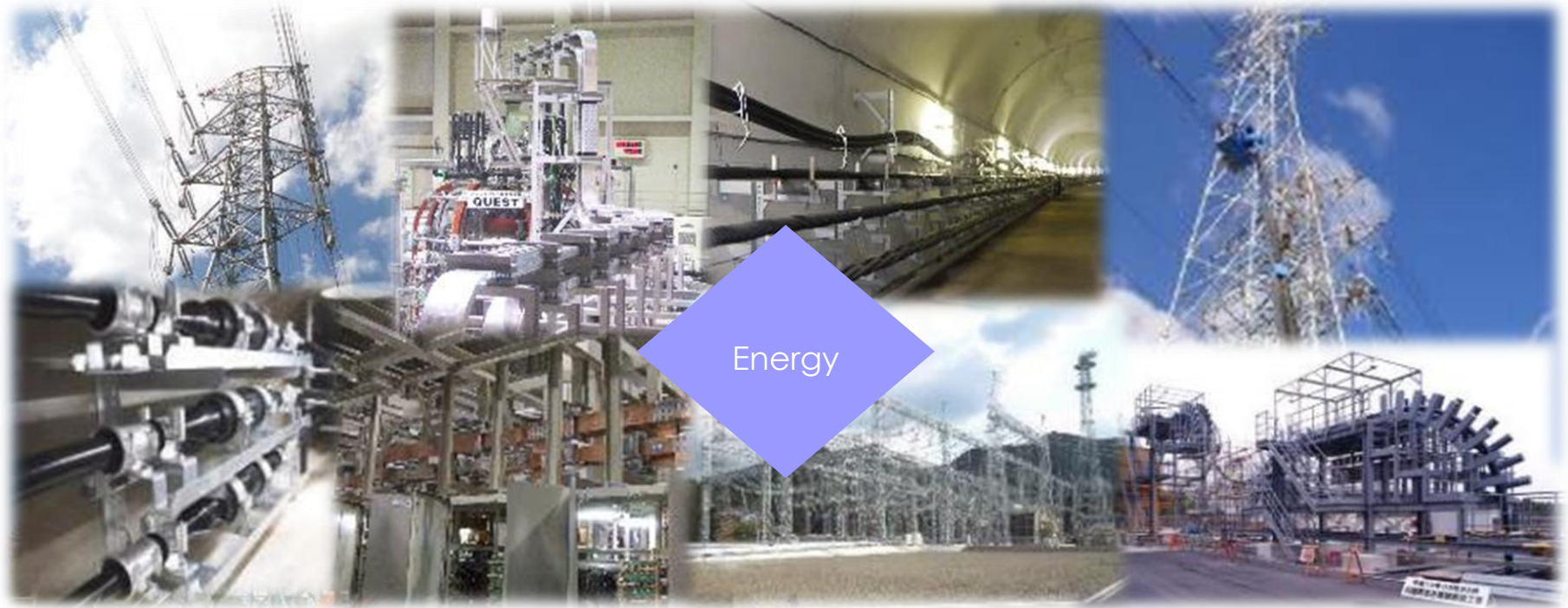
We are planning to increase sales, primarily in Power Transmission works where an increase in projects for electricity companies is predicted.

(unchanged from the forecast initially announced)

Net Sales for by Works Type(¥bn)	2020	2021	2022	2023	2024 Forecast	FY23→24 Growth(%)	2024 Composition
<b>Power Transmission</b>	<b>20.9</b>	<b>20.3</b>	<b>19.1</b>	<b>24.5</b>	<b>30.0</b>	<b>22.4%</b>	<b>15.0%</b>
<b>General Electrical</b>	<b>87.1</b>	<b>100.7</b>	<b>106.0</b>	<b>111.1</b>	<b>116.0</b>	<b>4.4%</b>	<b>58.0%</b>
Non-consolidated + Japanese Subsidiaries	68.1	76.8	76.6	83.2	85.0	2.2%	42.5%
Overseas Subsidiaries	19.0	23.8	29.3	27.9	31.0	11.0%	15.5%
<b>Info &amp; Comms</b>	<b>27.7</b>	<b>27.5</b>	<b>28.5</b>	<b>29.6</b>	<b>32.0</b>	<b>8.0%</b>	<b>16.0%</b>
<b>Facility &amp; HVAC</b>	<b>10.1</b>	<b>10.6</b>	<b>12.1</b>	<b>12.4</b>	<b>14.0</b>	<b>12.8%</b>	<b>7.0%</b>
<b>Others※</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>7.8</b>	<b>8.0</b>	<b>2.0%</b>	<b>4.0%</b>
<b>TOTAL</b>	<b>154.1</b>	<b>167.6</b>	<b>175.1</b>	<b>185.5</b>	<b>200.0</b>	<b>7.8%</b>	<b>100.0%</b>

※Others Insurance agency business, HVAC equipment, solar power systems sales.





**Provide high-quality, reliable electric transmission technologies to meet the needs of customers**

Electricity is vital to modern society. Sumitomo Densetsu has a range of experience in the construction of the facilities required for the transmission of “electricity,” including overhead and underground transmission, electrical substations, and electrical power distribution systems. We are also engaged in the construction of interconnected systems to supply electricity from new energy facilities, including photovoltaic power stations, wind power stations and hydroelectric power stations.

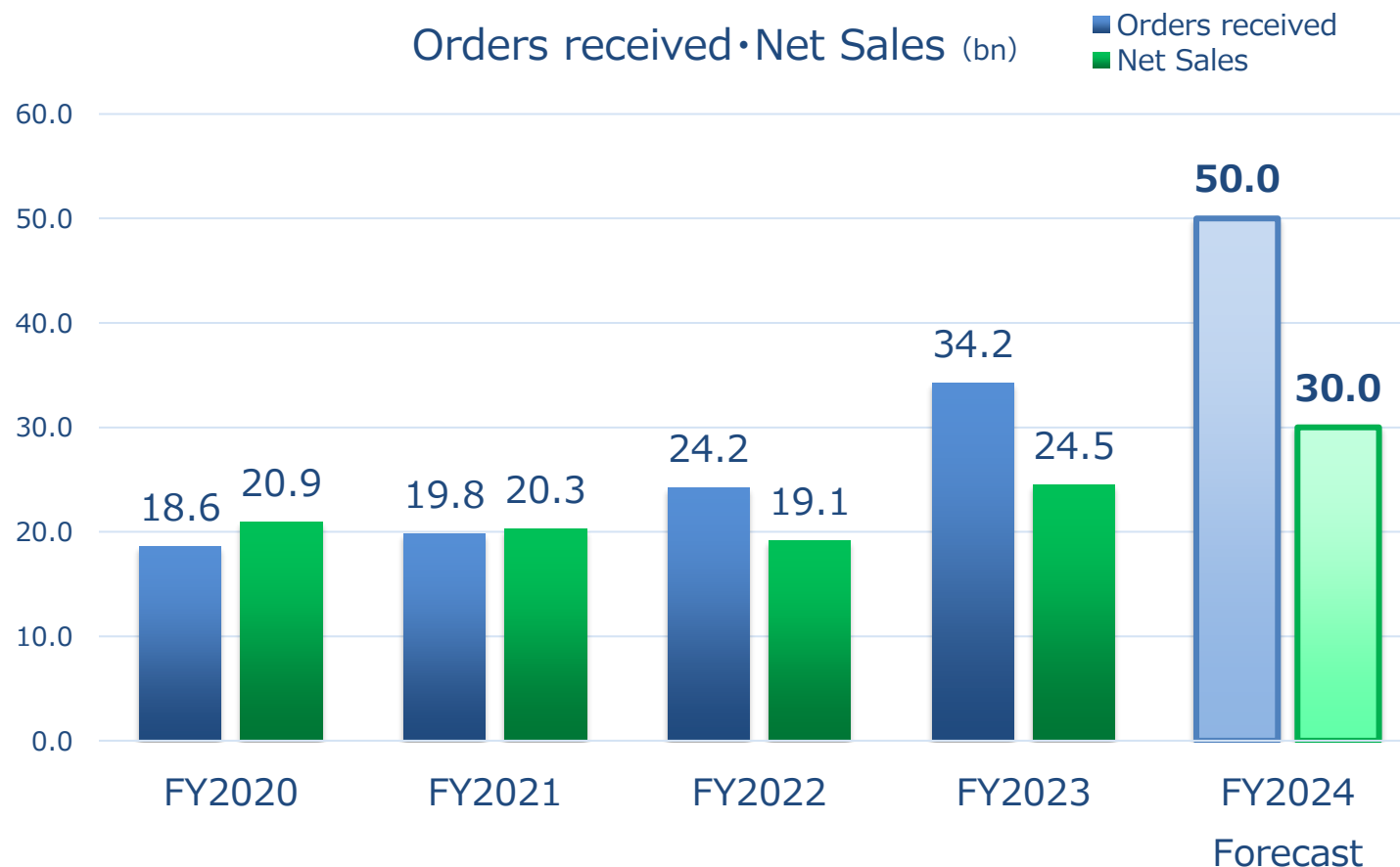
For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>



# 3-1.Power Transmission Works FY2024 Forecast 住友電設

## ■ Summary of the FY2024

Both Orders received and Net sales are planned to increase YoY



Our highest priority will be to acquire large-scale private transmission line projects related to renewable energy. We will also continue to focus on acquiring projects for electricity companies and projects for private sector such as those for steel manufacturers.



## 3-2.General Electrical Works



- Electric** : Provide **speedy and high-quality services** for electrical systems that are becoming increasingly important.
- Overseas** : **50 years of experience** in Southeast Asia. Contributing to the development of customers and regions.
- Environment** : Contribute to **the use of energy for a new age**, such as solar, storage cell and biomass systems.
- Engineering** : Offer highly satisfactory engineering expertise in control/management systems such as FMS and BM

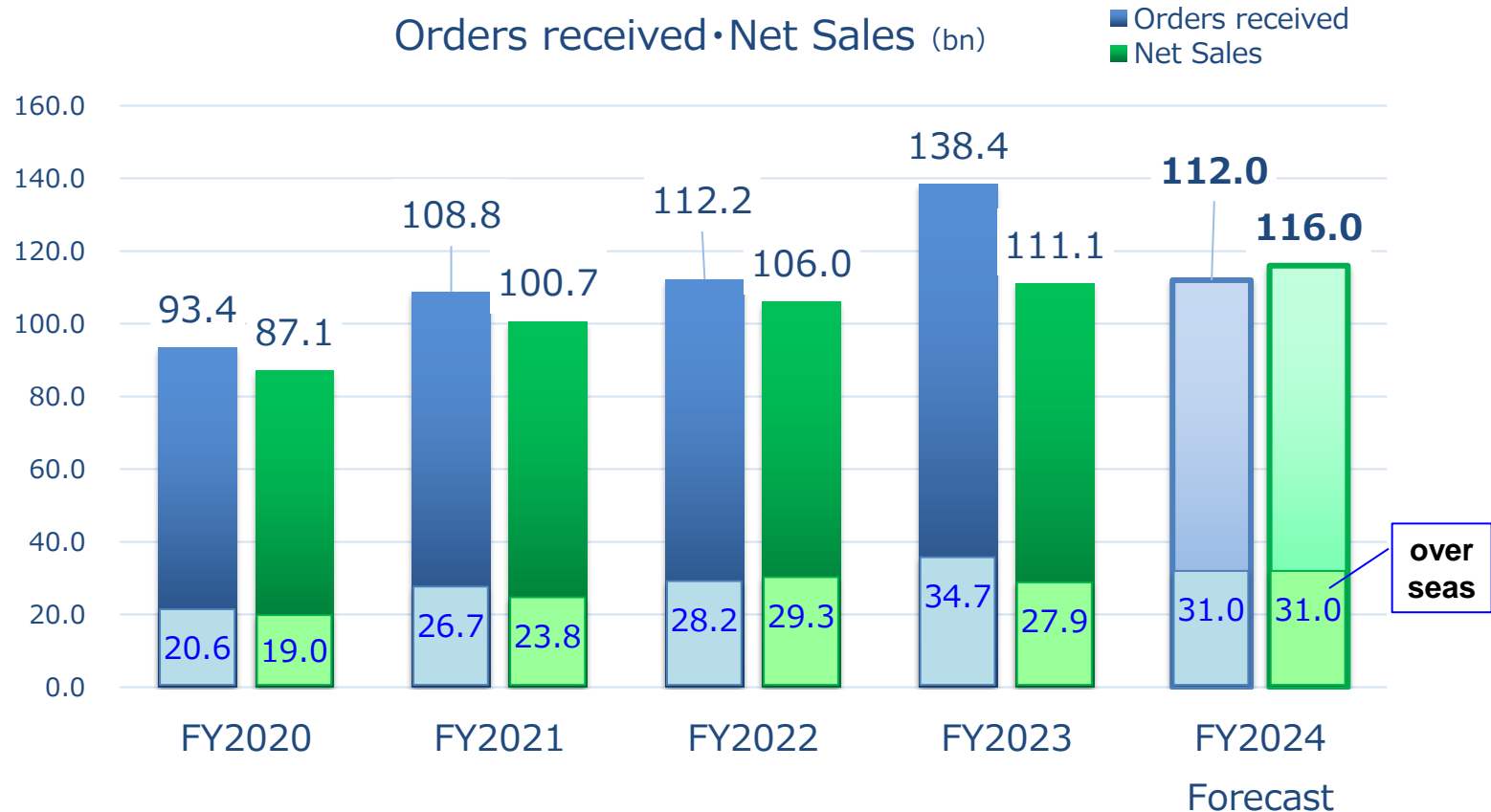
Sumitomo Densetsu has been implementing speedy and high-quality planning, design, construction and maintenance, making use of our high technological capabilities for various electrical systems (high-voltage, low-voltage, disaster preventive and security). We will meet any kind of needs based on substantial experience both inside and outside Japan.



## 3-2.General Electrical Works FY2024 Forecast 住友電設

### ■ Summary of the FY2024

Orders received experienced a reactionary decline YoY and Net sales are planned to increase YoY



Japan :In addition to growth areas such as data centers, we will focus on acquiring projects expecting continued orders into the future such as plants.

Overseas :We will focus on expanding orders from non-Japanese companies and acquiring projects for existing Japanese clients, and data centers.





## Support **the establishment of optimal networks** using **accumulated know-how**

Sumitomo Denetsu provides total engineering services from consultation, system design, construction and operation to the maintenance of communication/broadcasting infrastructure. We will continue supporting the ICT society.

As the IT society develops, information networks, which are the infrastructure of the IT society, become more and more important. Sumitomo Denetsu was the first in our industry to make efforts to establish information networks, and has introduced them in many companies, universities, hospitals, data centers, etc. We provide optimal systems ranging from design, establishment, and operation to maintenance, taking advantage of our accumulated know-how.

For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>

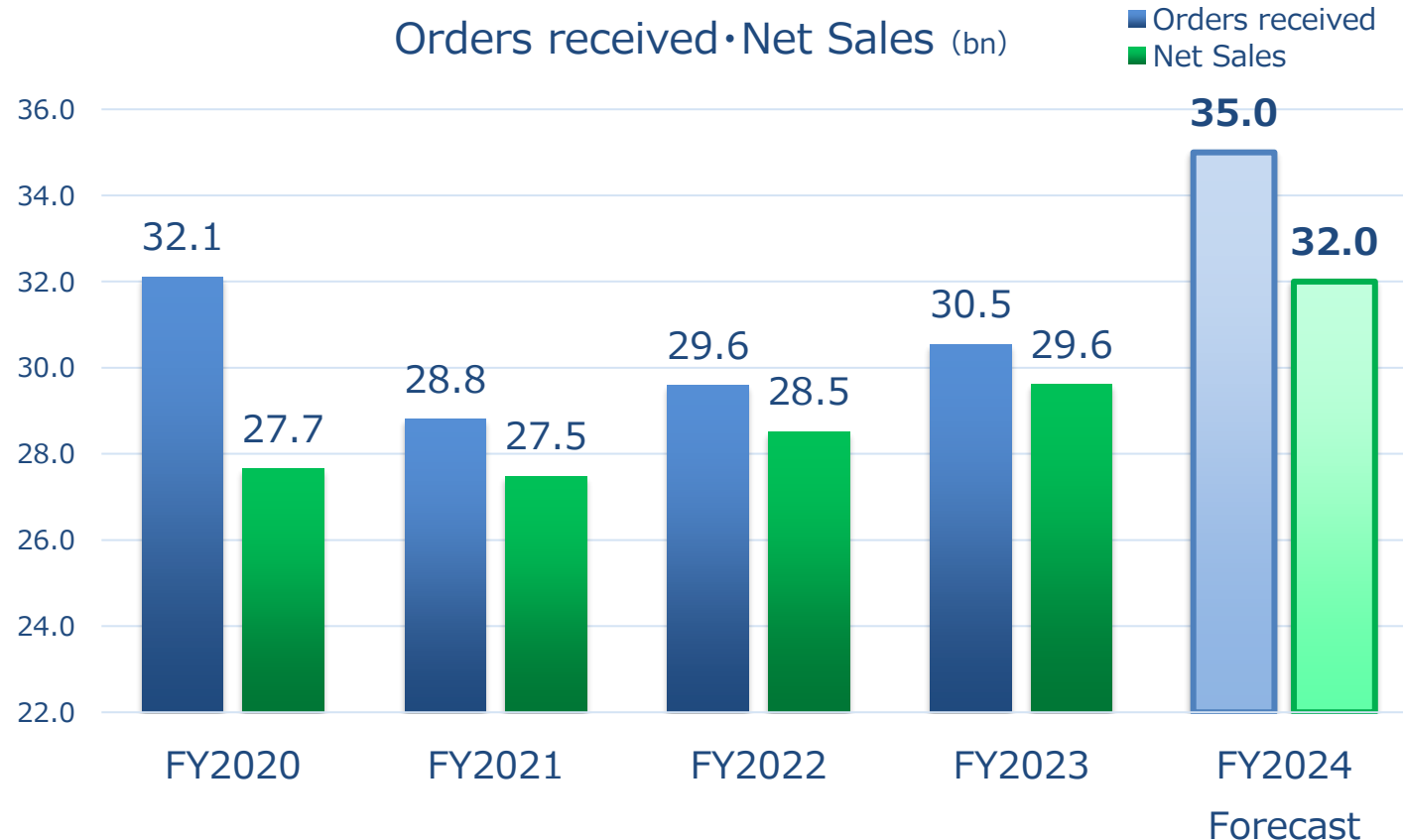


# 3-3.Information & Communications Works 住友電設

FY2024 Forecast

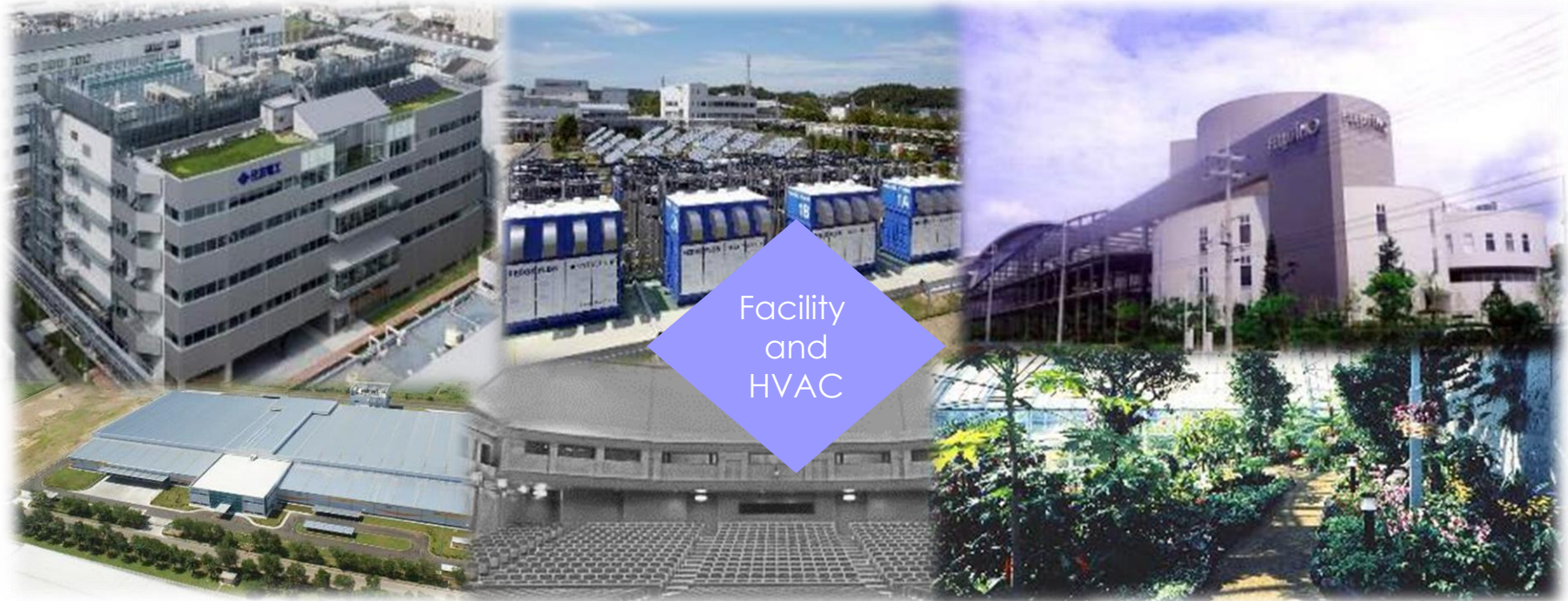
## ■ Summary of the FY2024

Both Orders received and Net sales are planned to increase YoY



Following FY2023, we will continue to focus on securing communications infrastructure projects (fire and ambulance commands, disaster preventive, wide area wireless networks, subways, etc.) and information infrastructure projects for large facilities (hotels, educational facilities, data centers, etc.)





### **Make the environment of buildings and factories more comfortable and convenient**

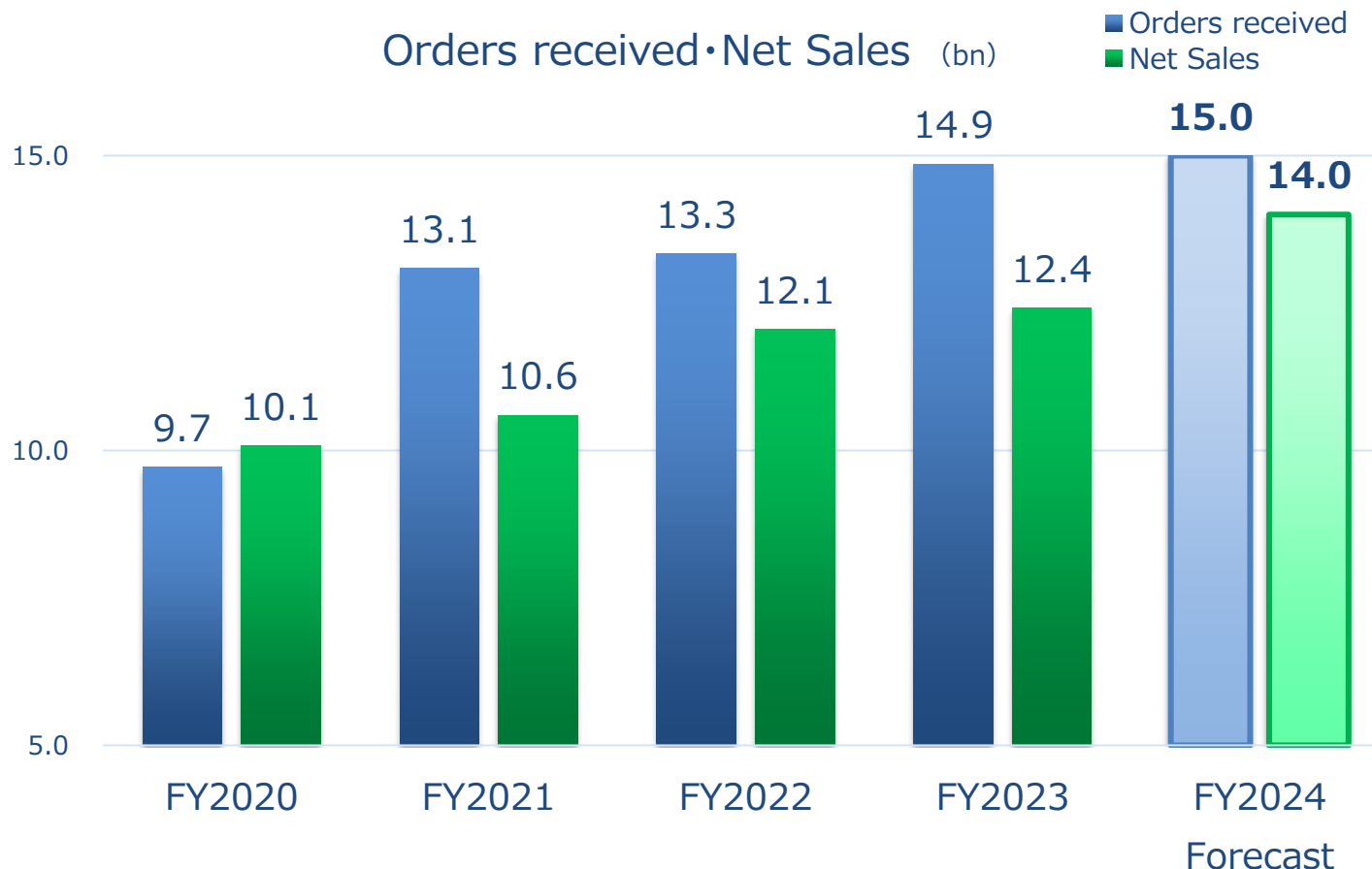
Sumitomo Densetsu is involved in the planning, construction and maintenance of plant machines used in various kinds of manufacturing plants, and of air-conditioning and plumbing systems in factories, office buildings and hotels. We secure a sanitary and comfortable environment and improve convenience for production and management in buildings and factories used for various purposes.



# 3-4.Facility and HVAC Works FY2024 Forecast 住友電設

## ■ Summary of the FY2024

Orders received is planned to remain flat YoY and Net sales is planned to increase YoY



Following FY2023, we will focus on projects of capital investment in the Sumitomo Electric Group as well as projects related to Expo 2025 Osaka, Kansai, and expanding direct orders from major general contractors and plant operators.





## [Ideals of the Sumitomo Densetsu Group]

Aim to become a comprehensive engineering enterprise that truly meets the needs of society through the growth of people and technology

## [Theme of V24]

Sustainable development through a new growth strategy and comprehensive strength!

Sumitomo Densetsu as one, enhancement of SEM brand power (safety and security, high quality, reliability, and enterprise value)

### [Four key measures]

Safety, quality, and compliance

Secure and develop human resources and implement work style reforms

Pursue improved customer satisfaction (proposal-based sales capabilities, capacity, and technical capabilities)

Enhance enterprise value in anticipation of the future

Corporate Philosophy of the Sumitomo Densetsu Group  
The Sumitomo Spirit



## <Consolidated orders received, Net Sales, ordinary profit, and ordinary profit margin>

	VISION24 FY2024 target
<b>Orders Received</b>	<b>¥ 200.0 bn</b>
<b>Net Sales</b>	<b>¥ 200.0 bn</b>
<b>Ordinary profit</b>	<b>¥ 15.0 bn</b>
<b>Ordinary profit Margin</b>	<b>7.5%</b>

- Growth investment  
FY2020 to FY2024 (five years) total ¥20.0 bn
- Capital efficiency benchmark  
ROE (return on equity): Target 10%
- Financial soundness benchmark  
Equity ratio: Maintain 50% level
- Shareholder returns policy  
Dividend payout ratio: Target 40% (FY2024)



## 5-1. Policy on the Distribution of Profits to Shareholders 住友電設

**In FY2024, we plan to achieve our Medium-term Management Plan VISION 24 target of a dividend payout ratio of 40%**

	FY20	FY21	FY22	FY23	FY24 (forecast)
Profit attributable to owners of parent Margin (¥bn)	8.05 5.2%	9.14 5.5%	9.38 5.4%	10.06 5.4%	10.60 5.3%
<b>Dividends per share[¥]</b>	<b>74</b>	<b>86</b>	<b>94</b>	<b>106</b>	<b>120</b>
Interim dividend[¥]	35	37	43	47	60
Year-end dividend[¥]	39	49	51	59	60
<b>(Increase) [¥]</b>	<b>(+4)</b>	<b>(+12)</b>	<b>(+8)</b>	<b>(+12)</b>	<b>(+14)</b>
Profit per share(¥)	226.22	257.43	265.05	284.09	300.76
Dividend payout Ratio	<b>33%</b>	<b>33%</b>	<b>35%</b>	<b>37%</b>	<b>40%</b>
					V24 target 40%
ROE	<b>10.3%</b>	<b>10.6%</b>	<b>10.2%</b>	<b>10.0%</b>	<b>10%</b>
					V24 target 10%

**In accordance with the revision of the full-year consolidated forecast, we have revised the annual dividend forecast for FY2024, which was announced at the start of the fiscal year (dividend increase)**

interim dividend : Before revision ¥ 57 ⇒ After revision ¥ 60

final dividend : Before revision ¥ 57 ⇒ After revision ¥ 60

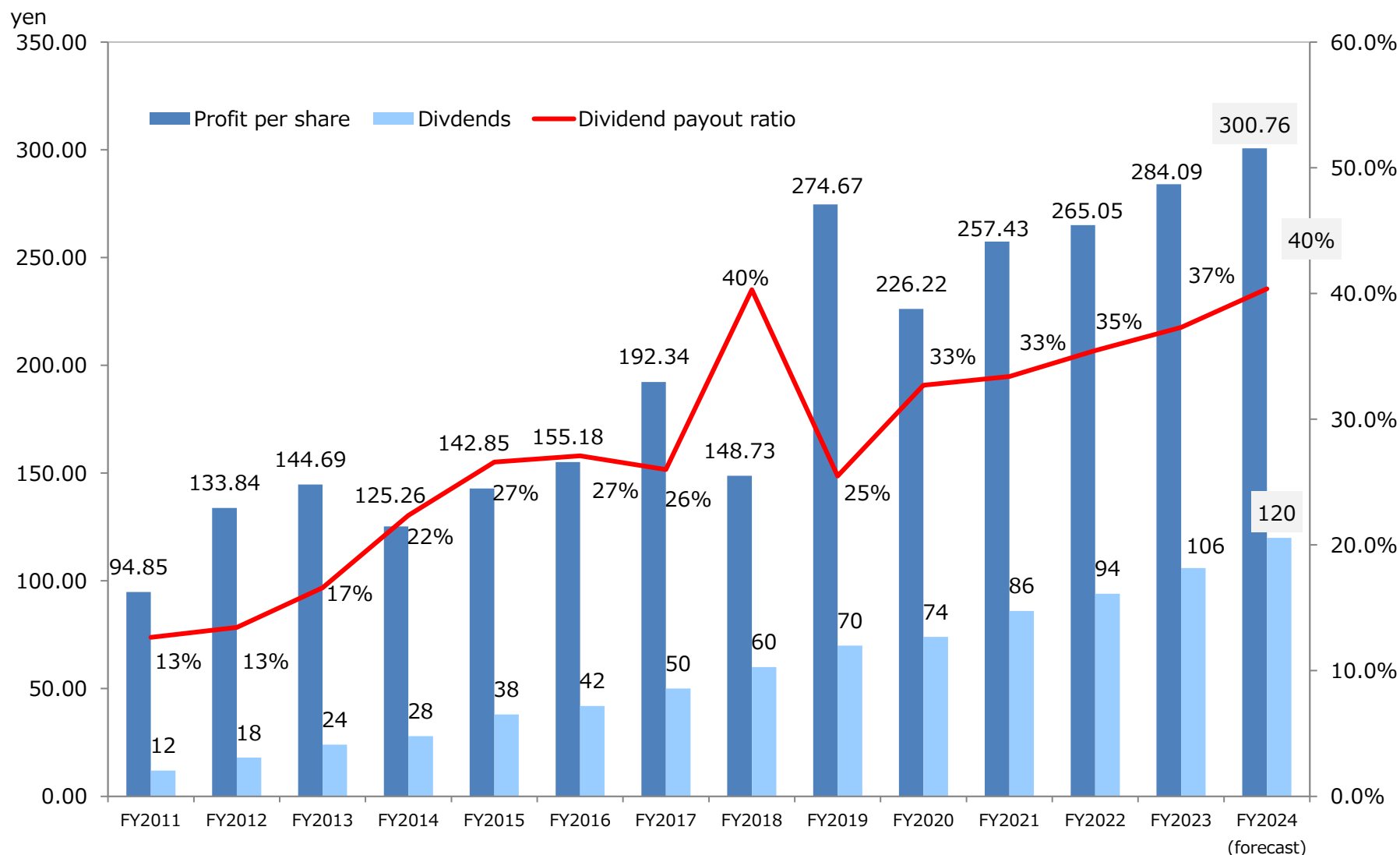
annual dividend : Before revision ¥ 114 ⇒ After revision ¥ 120

**Distribute stable dividends well balanced with internal reserves taking into consideration business results and future business development.**



## 5-2. Profit and Dividends per Share, and Dividend Payout Ratio 住友電設

Dividends have increased for 13 consecutive fiscal years since FY2011





## Notes on Perspective Information

This presentation material is based on currently available information. Actual results may differ from forecasts due to a variety of factors.

### Inquiries

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